A KubberLaxmi Group Company

Defence, Aerospace & Homeland Security

India

June 2015

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OUR VISION

To be a leading domestic and global defence and security company and contribute to the development of the Indian defence manufacturing industry by the indigenisation & production of cutting edge defence technology equipment and services

MISSION STATEMENT

To solve complex challenges by delivering our high-technology and innovative solutions for our clients.

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Board of Directors / Promoters

Harish Salve

- Harish Salve is one of India's leading lawyers with formal training in CA and focuses in the areas of constitutional, commercial and taxation laws
- Served as the Solicitor General of India from 1st November 1999 to 3rd November 2002 at a young age of 43 years
- Primarily practices at the Supreme Court of India as a leading lawyer in constitutional, commercial and taxation. Appears in various high courts and in international arbitral disputes, also as a counsel and other times as an adjudicator
- Harish Salve has some 0f the key ‘firsts’ to his credit, like the first anti-dumping case which was argued in the Supreme Court and the first case of privatization of PSUs, the Balco case. Known as the default first port-of-call for MNCs troubled with income-tax matters in India
- In 2009, India Today magazine ranked him the 18th most powerful person in India. In 2013, Salve was admitted to the English Bar and he subsequently joined the Blackstone Chambers

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Board of Directors / Promoters

Kishore Lulla

- Group Executive Chairman of Eros International PLC, the largest fully integrated film and entertainment company in India with a market capitalisation of ~$1.3bn. Mr. Lulla has busness interests in renewable energy, technology and entertainment sectors.
- He has over 30 years of experience in the media and film industry.
- He is a member of the British Academy of Film and Television Arts and Young Presidents' Organization and also a board member for the School of Film at the University of California, Los Angeles.
- He has been honored at the Asian Business Awards 2007 and the Indian Film Academy Awards 2007 for his contribution in taking Indian cinema global.
- Innovated & Pioneered efficient Film Financing model in India
- In 2010 he was awarded the Entrepreneur of the Year at the GG2 Leadership & Diversity Awards and was featured on *Forbes Asia's Best Under A Billion* list

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Board of Directors / Promoters

Subodh Agrrawal

- EuromaxCapital Founder & Chairman, London based with over 30 years top level experience
- Participated in M&A transactions valued in excess of $30bn particularly in the telecom, steel, oil and gas and mining sectors and has advised on equity & other financings in excess of $10bn in infrastructure, engineering, telecom, metals, media, textiles, aviation, mining, hospitality, and many others in India, Africa and Europe
- Instrumental in several major groups foray into India including in energy, infrastructure and Telecom and has been very active in promoting investments in Africa a market he has strongly believed to be the last frontier
- Pioneered LNG in India in 1995 creating a JV with Govt of India Co. for $1.3 billion facility of a private natural gas reseller. In doing so, Mr. Agrrawal single handedly carried out '*Take or Pay*' arrangements, regulatory approvals, cost and feasibility analysis, local and national economic impact studies, project finance structuring and creating a major equity consortium.

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Head of Advisory Board

Naresh Chandra, IAS Officer (Retired)

- Served on several senior Indian government services positions such as National Security Advisor, Defence Secretary, Cabinet Secretary, Home Secretary, Senior Adviser to the Prime Minister, Chief Secretary, State Governor (Gujrat)
- Ex Indian Ambassador to the USA, Co-chairman of the USA-India Technology Group, Member of the Indo-US Economic Sub-Commission
- Awarded India's second highest civil awards, the Padma Vibhushan
- Long official association with the United States spans more than three decades. He has been the Indian Co-chairman of the US-India Technology Group, and Member of the Indo-US Economic Sub-Commission. Following the economic liberalisation program in India, he led the first official delegation to the US in 1992 to promote US investments in India.

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Advisory Board - Director

Air Marshal Ajit Bhavnani

- Served in the Indian Air Force, retiring as Vice Chief.
- He was a member of the Rama Rao Commitee on the restructuring of the DRDO in addition to being a member of the Civil Aviation Committee on airfield modernisation.
- Currently serves as a member of Aspen Institute of India, CII National Defence Committee, Indo-Israeli Strategic Dialogue and Global Zero Movement on Nuclear Disarmament.
- With 5 years experience in the corporate sector in the field of Aerospace & Defence, he has developed a deep understanding of the Aerospace & Defence industry in India.
- Senior Advisor with the TATA Group in Aerospace and Defence.
- Director on Board of Samtel Avionics & Defence Systems

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Management Team

- **Swaneet Singh (CEO)**
  - 6 years experience (2008 – 2014) at Goldman Sachs International (London). Held a variety of roles at the firm, which included Senior Associate within the Investment Banking Division (IBD) where he took part and was exposed to several high value M&A and Financing transactions. Involved in a strategic cross-divisional marketing initiative between with the firms Asset Management Division.
  - Prior to this, held the role of an Analyst and Associate within Prime Brokerage services where he held the responsibility of covering some of the firms largest EMEA and Global Hedge Fund client relationships
  - Graduated with a BSc (Hons) from King's College London, University of London

- **Ashutosh Agarwal (Executive Director – COO)**
  - Metallurgical Engineer & MBA in International Business with over 17 years of Programme Management experience with focus on PPP / BOOT formats of project development across sectors. Developed and Operated multi-stakeholder nationwide infrastructure projects in Philippines and Singapore
  - Part of the team that developed & pioneered the application of alloy steel seamless tubes to automotive & defence components industry in India
  - Based out of New Delhi, manages Eirene Systems office regionally

- **Capt S V Chalapati (Executive Director – Business Development)**
  - 25 years of cross functional experience in the Technical branch of Indian Navy
  - Headed up Business Development at Mahindra Telephonics from 2013 – 2014. Prior to that headed up start up operations as a core team member of a TATA Defence & Aerospace enterprise – NOVA from 2008 – 2013
  - Cumulative experience of technical management in Defence environment, Plant maintenance in Naval Dockyard, technical Infrastructure development for complex projects, business start up and operations management in challenging multicultural scenarios. Qualified and accomplished Disaster Management professional.

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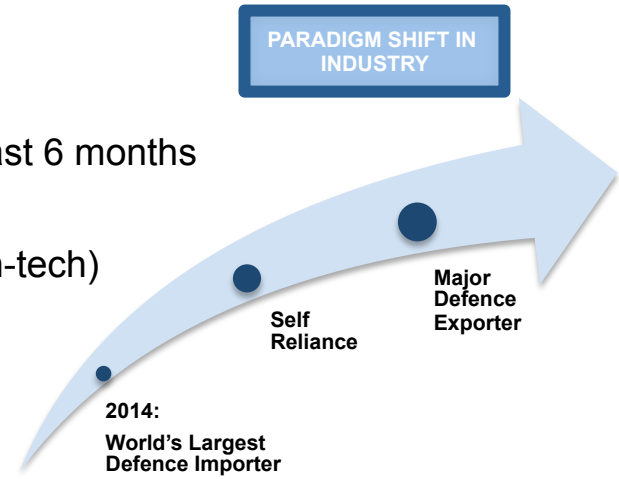
Indian Defence Manufacturing Market

- **General Themes**
  - Major increase in current defence spending in immediate budget
  - Current government has already placed orders worth $37bn in the last 6 months
  - 22 of 29 proposals to DIPP were for Defence manufacturing
  - FDI limit increased to 49% from 26%, up to 100% case to case (high-tech)
  - Ban revoked on FII investment in the Indian defence sector
  - GoI considering treating OCI & NRI investments as local



- **Aerospace & Defence**
  - Army: $18.50bn (50%), Air Force: $10.14bn & Navy: $5.40bn
  - ~$40bn budget for 2015: India projected to be the 4th largest defence spender in the world in next 5yrs
  - Until 2015, largest defence importer with almost no exports
  - Over 70% of Indian defence requirement is met though imports

- **Homeland Security & Manufacturing**
  - $11bn over the next 6-7yrs for homeland security equipment & services
  - FDI – Transfer of Technology (ToT)
  - Currently met through Ordnance Factories / Defence PSUs with large component of imported sub-systems

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Indian Market – Growth Potential

Potential for FDI & FII in defence manufacturing:

- Catering to Indian defence & Homeland Security sector
- India as defence manufacturing & export hub
- Availability of trained manpower across skillsets
- Local market for Air, Land and Sea defence systems
- Indigenisation target for defence equipment @ 70%, currently @ 9%
- Comparative Defence Import / Export ratio

Country	India	Israel	South Korea	Singapore
Import to Export Ratio	**194 : 1**	1.3 : 1	8.8 : 1	19.7 : 1

Products & Services

- Technology transfer & JVs with PSUs / Private companies

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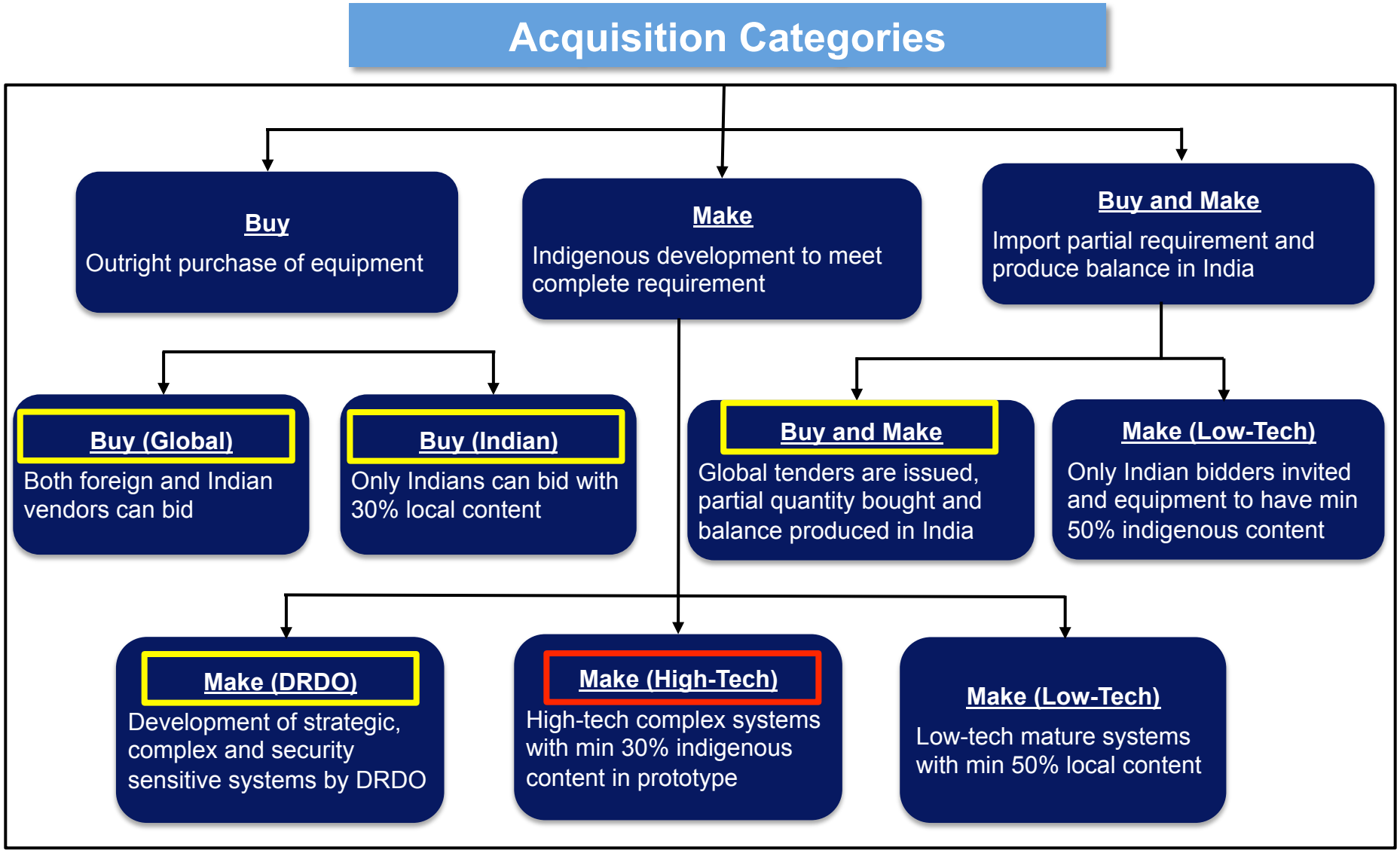
Indian Defence Procurement - Snapshot


Acquisition Categories
Buy
Outright purchase of equipment
Make
Indigenous development to meet complete requirement
Buy and Make
Import partial requirement and produce balance in India
Buy (Global)
Both foreign and Indian vendors can bid
Buy (Indian)
Only Indians can bid with 30% local content
Buy and Make
Global tenders are issued, partial quantity bought and balance produced in India
Make (Low-Tech)
Only Indian bidders invited and equipment to have min 50% indigenous content
Make (DRDO)
Development of strategic, complex and security sensitive systems by DRDO
Make (High-Tech)
High-tech complex systems with min 30% indigenous content in prototype
Make (Low-Tech)
Low-tech mature systems with min 50% local content

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Current Partnerships & Joint Ventures

- **GLONASS Union, Russia**
  - A Global Navigation Satellite System for India and neighboring countries
  - Sector – Homeland Security, Critical Infrastructure and Emergency response
  - Alternative to GPS (global positioning system) for civilian purposes
  - 11, high growth, sub verticals identified for the Indian market
    - Railways wagon tracking, PDS, NDMA, Ambulances / Police Vehicles
    - Safe bus project (JNNURM), STC
    - School bus and commercial vehicles
  - GLONASS – default navigation system in Russia and very popular in EU
  - GLONASS solutions to be adapted to Indian infra ecosystem and guidelines
  - GLOANSS projected to be default navigation and GIS system in India, compatibility with GIS systems

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Current Partnerships & Joint Ventures

- **Global leading system integrator for Land, Naval and Aerospace systems**
  - Sector – global defence, internal security and peacekeeping industries
  - JV Scope:
    - Setup a system integration facility in India
    - Full transfer of unique technologies and processes from partner
    - Export to JV company from the facility in India
  - Manufacture a large range of military aircraft, equipment and training for India and neighboring countries
  - Main products:
    - Aerospace: UAVs, Reconnaissance and Surveillance Aircrafts, MRO & Upgrades
    - Land Systems: Armoured vehicles
    - Naval Systems
- **StratXX Holdings AG**
  - Special Materials patented products company
  - Sector – defence, internal security and peacekeeping industries
  - High Technology personnel armored protection
  - Stratospheric aerostats for persistent surveillance solutions

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Key Joint Ventures under evaluation

- **High Technology small arms accessories company in Israel**
  - Sights
  - Automatic weapons
- **High Technology Aviation, C4ISR and Electroptic company in Israel**
  - UAV, Fuses
  - Data links and Payloads
- **Optronics & Electronics Design house in Europe**
  - Special application Electro optics
  - Defense & Civilian application
- **Unique heavy duty land platforms**
  - Mobile multi-axle launchers for ballistic missiles
  - Tracked heavy duty mobile launchers

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Acquisitions Under Evaluation

- **Missile & Rocket Assembly Company, India**
  - Explosives
  - Shell and lining of Long range missiles and rockets
  - Rocket Motor assemblies
- **Precision Engineering Aerospace company in United Kingdom**
  - Unique Milling facility with assembly capabilities
  - One umbrella facility for Aerospace
  - Established customer data base
  - Production level capability for replication in India
- **Optronics Facility in United Kingdom**
  - Optronics component manufacturer
  - Tier 1 vendor for several global defence companies
  - Unique technology: toughened glass technology
- **Microwave Company in India**
  - EW capabilities
  - Ex-DRDO members

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Eirene Systems – Strengths & Weaknesses

- **Strengths**
  - Extremely strong local market access and connectivity
  - Reputable and robust promoter, advisory board and management team
  - Access to capital for co-investment
  - Size is our asset: We are large enough to execute large scale projects and small enough to keep a flexible approach
  - Multiple years of expertise in developing niche technologies and high value production environments

- **Weaknesses**
  - Yet to independently develop and deliver complete defense platform with total system integration
  - Yet to manage large volume vendors / vendor development with supporting complex supply chains

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Technology Interests

Eirene Systems is currently evaluating potential JVs:

- Across high technology areas, platforms/systems and sub-systems for the aerospace, defence and homeland security sectors.

- Set up and operate world class production/assembly facilities in India with transfer of technology, to meet demands of Indian and international markets.

- Business model includes manufacture of systems and components to enter global supply chain and to meet demands for offset obligations in India.

- Focus technologies for Eirene Systems include, but are not limited to, the following:

  - ✓ *CMDS & Pyromechenisms*
  - ✓ *Inertial Navigation Systems*
  - ✓ *Electro-Optic Systems*
  - ✓ *Integration and assembly of Advanced Missile systems, sub-assemblies and components*
  - ✓ *Seeker technology and integration*
  - ✓ *UAV Systems and sub-systems*
  - ✓ *Miniaturisation / Nano Technologies*
  - ✓ *Sensors / Detectors and Radars*

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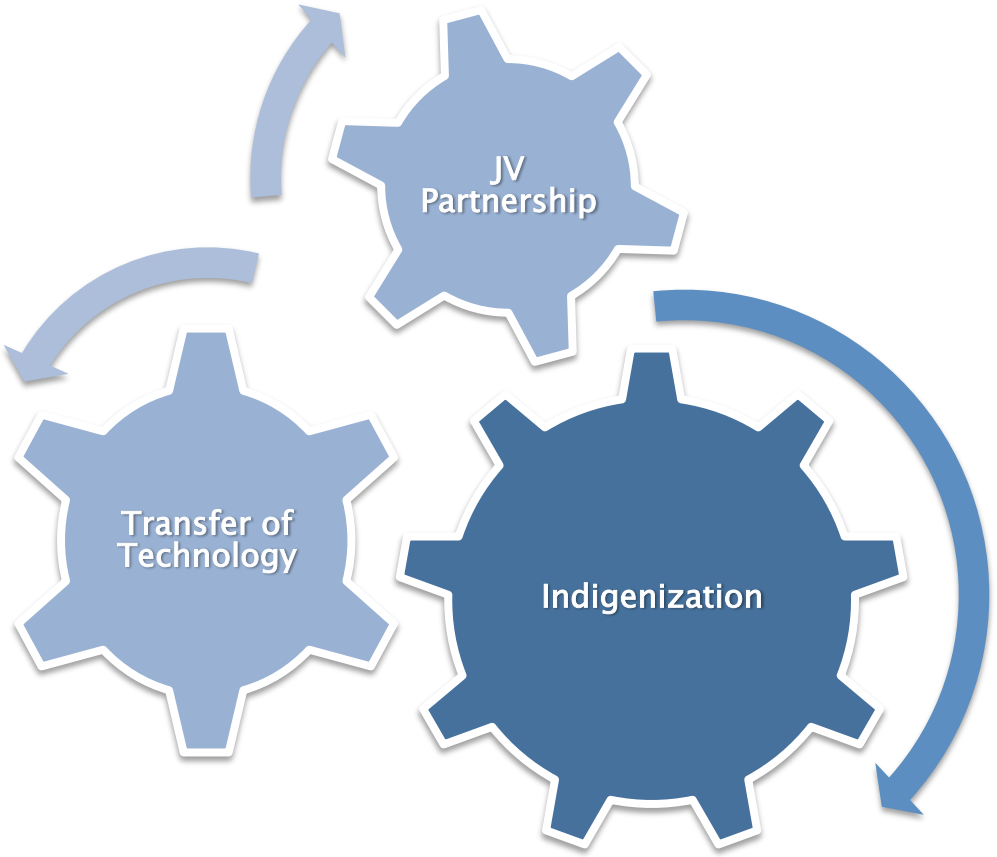
Eirene Proposed Next Steps

- Identify & Engage with JV partner (Government or Private)
- Co-invest in state-of-art manufacturing facility by leveraging transfer of technology
- Indigenise & manufacture within India and dominate market share



We strongly believe in the strength of Partnership

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Contact us

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